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DIRECTORATE OF
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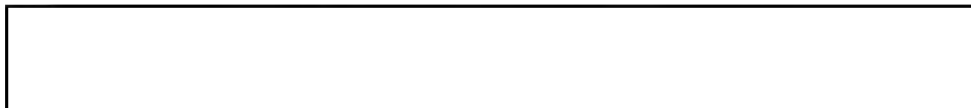
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[Vietnam: Politburo member Truong Chinh has delivered the most significant policy statement from Hanoi since Ho Chi Minh's death.

Chinh gave the keynote speech at the session of the national assembly which put an official stamp of approval on the selection of a new president and vice president on 23 September. Because he is chairman of the standing committee of the assembly, his role in making such an address does not in itself shed any light on Truong Chinh's place in the current party hierarchy. But because of his authoritative tone and because of the points he stressed, the speech indicates that Truong Chinh remains a leading spokesman on policy matters and one of the top figures in the new regime.

His statement reaffirmed the priorities which Chinh laid out on behalf of the politburo more than a year ago. He again implied that the war in the South must not impinge on the regime's objective of "building socialism" in North Vietnam. The war itself took a secondary place in his presentation, even though he argued that strengthening the North is the best way to be able to persevere with the struggle in the South.

* * * *

Signs that Communist forces are preparing attacks continue to be noted in several parts of South Vietnam.

US forces defending Saigon's outer perimeter reported several skirmishes in Tay Ninh Province on 24 and 25 September, along with the capture of one large enemy munitions cache and the destruction of another. Contact was also reported yesterday with an enemy company in the western highlands where prisoners and ralliers say the enemy plans actions to divert attention from a larger thrust elsewhere.

[REDACTED]

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India - North Vietnam: Foreign Minister Dinesh Singh favors upgrading New Delhi's representation in North Vietnam, although this may not include full recognition.

Singh has clearly been swayed by his discussions in Hanoi at the time of Ho Chi Minh's funeral. The foreign minister told the US ambassador this week that he personally now favored raising India's level of representation in Hanoi to help establish another strong independent country on the borders of China. According to Singh, Hanoi sees closer relations with New Delhi as an important counterpoise in its attempts to maintain independence from Peking.

Hanoi has effectively exploited New Delhi's desire to assume a prominent role in Southeast Asia. A decision to upgrade relations, however, unaccompanied by an identical offer to South Vietnam, would compromise India's long-standing neutrality between Hanoi and Saigon. Moreover, New Delhi would find it difficult to extend recognition unilaterally to the North because it chairs the International Control Commissions. India now maintains consular relations with both North and South but has not extended de jure recognition to either government.

New Delhi is not likely to take any action until after Singh's visit next week to the UN, where he plans to discuss the subject with US officials. [REDACTED]

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Western Europe: The refusal of the West German Bundesbank to deal in its own currency except for small transactions for tourists is slowing the exchange of marks among West European banks to a trickle.

The Bundesbank move has blunted the heavy inflow of speculative capital to West Germany. It has also considerably reduced speculative pressure throughout European markets against other currencies--notably the French franc, sterling, and to a lesser extent, the dollar. Prior to the West German action, pressure had been building up against these currencies. They were being sold off in heavy volume by purchasers of marks who anticipated a revaluation following Sunday's election in West Germany.

West European foreign exchange markets are expected to remain quiet today, but another surge of activity may follow the opening of the West German foreign exchange markets next week.

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Peru: President Velasco's additional wage increase to striking Communist unions last week has led to new demands by other labor leaders.

Leaders of the 12 non-Communist unions at the US-owned Cerro de Pasco mining company have warned that a strike will be called unless their demand for an additional wage increase is met. These men believe they were intentionally undercut by the government's action last week. Their unions had accepted an earlier "final" offer and returned to work. Communist union leaders at key company installations are now agitating for the removal of the non-Communist leaders who they claim received a bribe when they accepted the less favorable contract.

If a strike is called, the government probably will declare it illegal and take measures to prevent demonstrations. It is doubtful that a strike can be sustained because all employees of the company received the earlier increase.

The wage disputes at Cerro de Pasco are discrediting the Confederation of Peruvian Workers, to which the 12 unions are affiliated. It also is giving a boost to the Communist confederation, which has been making rapid gains in Peruvian labor.

[REDACTED]

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Czechoslovakia: The party's central committee plenum began as scheduled yesterday. Husak gave the keynote speech on reorganization of the party and electing a new leadership, but so far his recommendations have not been revealed. The plenum continued into the night, an indication that it may be wrangling. All signs still suggest that many of 1968's reform leaders will be purged from the central committee and perhaps from the party. [REDACTED]

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Islamic Summit: The strife-ridden conference ended yesterday with a joint declaration of support for the Palestinian people in the restoration of their "stolen" rights and an appeal to the great powers to secure Israeli withdrawal from territory occupied in 1967. Moderate participants sought to confine the discussion to religious issues but capitulated to the radicals' demands to discuss political issues. The moderates rejected, however, a call for the severing of diplomatic relations with Israel by the few conferees who maintain such ties. The conference also set up a meeting of foreign ministers of Islamic states in Jidda next March. [REDACTED]

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Ceylon: The growing labor unrest could hurt the moderate, pro-Western government of Prime Minister Senanayake in the general elections scheduled to be held no later than mid-1970. A "state of emergency," declared two weeks ago when petroleum workers went on strike, is still in effect and the army continues to distribute petroleum products. Electrical workers are now threatening to strike next week, and labor unions controlled by the leftist opposition under Mrs. Bandaranaike may call a general strike later. Although the unrest stems principally from economic factors, the opposition no doubt hopes to use it to gain further ground in what is shaping up as a close election contest. [REDACTED]

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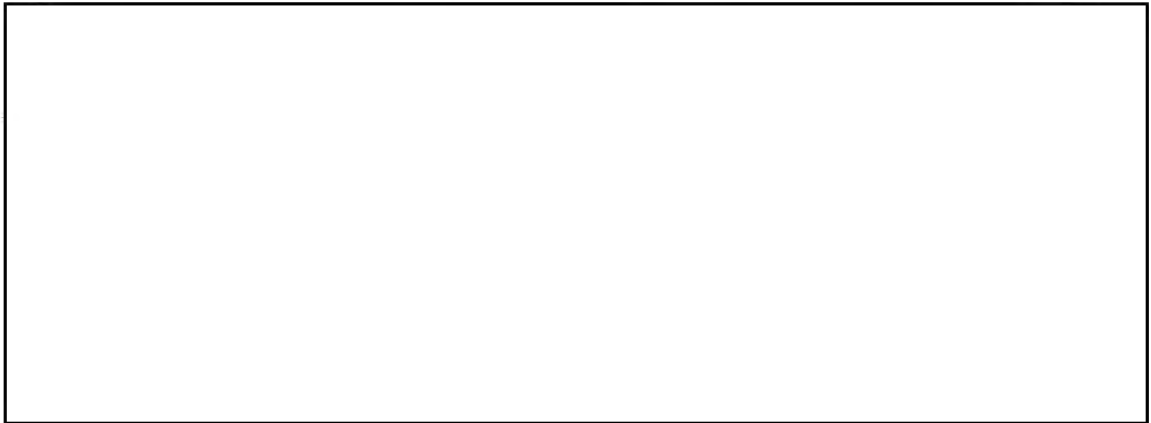
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Venezuela: The guerrilla incidents this week at several widely separated locations were the most serious in recent months. Several soldiers were killed and 11 wounded. Military officers accepted President Caldera's order last March to slow down antiguerrilla operations with reluctance. They can now be expected to press hard for more aggressive action.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 25 September 1969 approved the following national intelligence estimate:

NIE 86.2-69 "Prospects for the Dominican Republic"

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